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December 13, 2001

**VIA HAND DELIVERY**

Ms. Carlyn Winter Prisk (3HS11)  
Hazardous Site Cleanup Division  
USEPA Region 3  
1650 Arch Street  
Philadelphia, PA 19103

RE: Lower Darby Creek Area Site  
Responses of SPD Technologies/L-3 Communications

Dear Ms. Prisk:

At the request of David Sweet, I enclose on behalf of L-3 Communications, a copy of the Agreement between SPD Holdings, Inc. and Kuler Capital, L.P., assignee of Merrill Lynch Interfunding, relating to the purchase of stock of SPD Technologies. This Agreement is Attachment 5 to the response of Mr. Sweet with respect to the referenced matter dated December 14, 2001.

Sincerely,



John J. Ehlinger, Jr.

JJE:kja

Enclosure

cc: David Sweet

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Inde P

STOCK PURCHASE AGREEMENT, dated as of December 20, 1996, between Kulen Capital, L.P., a Delaware limited partnership ("Seller"), and SPD Holdings Inc., a Delaware corporation ("Buyer").

WHEREAS, pursuant to that certain Assignment and Assumption Agreement dated as of the date hereof between Seller and Merrill Lynch Capital Corporation (the "Merrill Lynch Agreement"), Seller has previously acquired 80,000 shares of common stock, \$.01 par value per share (the "Shares"), of SPD Technologies Inc., a Delaware corporation ("SPD"); and

WHEREAS, Seller desires to sell the Shares to Buyer, and Buyer desires to purchase the Shares from Seller, for the consideration and on the other terms and conditions provided for in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

## ARTICLE I

### PURCHASE AND SALE OF SHARES

#### SECTION 1.01 Sale and Delivery of the Shares.

(a) Subject to the terms and conditions set forth herein, Seller shall on the date hereof sell and deliver to the Buyer, and the Buyer shall purchase from the Seller, the Shares. Seller shall deliver to the Buyer a certificate or certificates evidencing the Shares duly endorsed for transfer or accompanied by stock transfer powers duly endorsed in blank against delivery by the Buyer to the Seller of the consideration set forth herein.

(b) As payment in full for the Shares being purchased by the Buyer hereunder, and against delivery thereof as aforesaid, the Buyer shall cause to be delivered to the Seller on the date hereof the sum of \$[REDACTED] by wire transfer of immediately available funds to an account or accounts designated by the Seller.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

SECTION 2.01 Representations and Warranties of the Seller. The Seller represents and warrants to the Buyer as follows:

(a) Organization, Corporate Power, Etc. The Seller is a limited partnership duly organized, validly existing and in good standing under the laws of the state of its organization.

The Seller has all requisite power and authority, and the legal right, to execute and deliver this Agreement and to deliver the Shares.

(b) Authorization of Agreements. The execution and delivery by the Seller of this Agreement and the Merrill Lynch Agreement and the consummation by Seller of each of the transactions contemplated hereby and thereby have been duly authorized by all requisite partnership action. This Agreement and the Merrill Lynch Agreement have each been duly and validly executed by the Seller and constitute the legal, valid and binding obligations of the Seller, enforceable in accordance with their respective terms.

(c) Title to Shares. The Seller is the sole beneficial owner of the Shares, and owns the Shares free and clear of all liens, claims and encumbrances of any party whatsoever, other than (x) transfer restrictions imposed by applicable Federal and state securities laws, and (y) transfer restrictions imposed under Section 5 of that certain Stock Purchase Agreement dated April 30, 1987 between SPD and Merrill Lynch Interfunding Inc., the predecessor of Merrill Lynch Capital Corporation. Upon the sale of the Shares to the Buyer and the payment by the Buyer of the consideration provided for herein to the Seller, the Buyer will take good title to the Shares, free and clear of all liens, claims and encumbrances other than such encumbrances, if any, as the Buyer may grant and the transfer restrictions set forth in clauses "(x)" and "(y)" above.

(d) No Other Representations or Warranties. Except as otherwise provided in this Section 2.01, Seller makes no representations or warranties, express or implied, of any kind whatsoever, with respect to the Shares, SPD or any other matter.

SECTION 2.02 Representations and Warranties of the Buyer. Buyer represents and warrants to Seller as follows:

(a) Organization, Corporate Power, Etc. The Buyer is a corporation duly organized, validly existing and in good standing on the laws of the state of its incorporation. The Buyer has all requisite corporate power and authority, and the legal right, to execute and deliver this Agreement and to deliver the shares.

(b) Authorization of Agreement. The execution and delivery by the Buyer of this Agreement and the consummation by Buyer of each of the transactions contemplated hereby have been duly authorized by all requisite corporate action. This Agreement has been duly and validly executed by the Buyer and constitutes the legal, valid and binding obligation of the Buyer, enforceable in accordance with its terms.

(c) Acquisition for Investment. Buyer is acquiring the Shares for its own account for investment and not with view to, or for sale in connection with, any distribution thereof. Buyer has no present intention of distributing or reselling any of the Shares.

(d) Independent Investment Decision. The Buyer has independently, and without reliance on the Seller, made its own investment determination and analysis of SPD and made its own decision to enter into this Agreement, based on such information as the Buyer deems sufficient, and not based on any statements made or not made by the Seller, except for the representations expressly set forth in Section 2.01. The Buyer is an "Accredited Investor" within the meaning of Rule 501 under the Securities Act of 1933, as amended. The Buyer has obtained all information it deems necessary or appropriate concerning the Shares and SPD (including its business and financial conditions) to make an informed decision to purchase the Shares pursuant to this Agreement.

(e) No Other Representations or Warranties. Except as otherwise provided in this Section 2.02, Buyer makes no representations or warranties, express or implied, of any kind whatsoever, with respect to the Shares, SPD or any other matter.

### ARTICLE III

### COVENANTS

SECTION 3.01 Seller's Assignment. Seller hereby assigns to Buyer all of its rights under or pursuant to the Merrill Lynch Agreement, including but not limited to the right to seek indemnification from Merrill Lynch Capital Corporation for breach of any of its representations and warranties contained therein, insofar as the same concern or otherwise affect the Shares. In the event that Buyer shall seek to enforce any of Seller's rights pursuant to the Merrill Lynch Agreement with respect to the Shares, Seller agrees to reasonably cooperate with Buyer with respect to the same (provided, however, that Seller shall not be required to expend any of its own funds).

SECTION 3.02 Buyer's Compliance with Transfer Restrictions. Unless waived by SPD, Buyer will comply with the transfer restrictions imposed under Section 5 of that certain Stock Purchase Agreement dated April 30, 1987 between SPD and Merrill Lynch Interfunding Inc., the predecessor of Merrill Lynch Capital Corporation.

### SECTION 3.03 Clawback Arrangement.

(a) If, on or prior to the first anniversary date of this Agreement, Buyer and/or any of its affiliates shall enter into an agreement relating to, or close on, or shall cause SPD to enter into an agreement relating to, or close on, any of the transactions described in subsection 3.03(b) (the "Designated Transactions"), then, concurrent with the closing of any such transaction, Buyer shall, or shall cause its affiliates or SPD to, remit to Seller that portion of the aggregate net proceeds realized by Buyer and/or its affiliate and/or SPD as a result of such Designated Transaction which shall be equal to [REDACTED] % of [REDACTED] ( [REDACTED] %) of the excess, if any, of such aggregate net proceeds over the sum of: (i) [REDACTED] plus (ii) that additional amount (the "Rate of Return Amount") which shall be sufficient to accord to Buyer (in the case of

a Stock Sale (as defined below)) or SPD (in the case of an Asset Sale (as defined below)) an internal rate of return of thirty percent per annum (30%), as measured from the date of this Agreement to the date of closing of the Designated Transaction, ~~for an investment by Buyer of \$5,400,000 or a deemed investment by SPD of \$7,000,000, or the case may be on the date hereof;~~ provided, however, that in the case of a Stock Sale where less than 100% of the equity of SPD is sold, the parties shall determine the value of all of the equity of SPD (on a fully diluted basis), utilizing the purchase price paid for the equity of SPD being sold in the subject transaction, in order to determine whether a Stock Sale for all of the equity of SPD would have realized \$~~5,400,000~~ or more (after giving effect to the Rate of Return Amount); and if \$~~5,400,000~~ or more would have been so realized, the parties shall calculate the amount to be remitted to Seller by (i) multiplying the amount of such excess over \$~~5,400,000~~ by a fraction, the numerator of which is the number of shares of SPD sold in the subject transaction and the denominator of which is the number of fully diluted shares of SPD then outstanding, and then (ii) multiplying the result thereof by 50% and then (iii) multiplying the result thereof by ~~50%~~%. By way of example, if within one year of the date hereof there occurs a Stock Sale for ~~50%~~ of the equity of SPD for ~~\$5,400,000~~ and assuming that the Rate of Return Amount was equal to \$~~5,400,000~~ and that no additional equity of SPD had been issued, all of the equity of SPD would be valued at \$~~5,400,000~~, representing a \$~~5,400,000~~ excess over the \$~~5,400,000~~ referred to in Section 3.03(a)(i) above; after deducting from such a ~~5,400,000~~ excess the assumed \$~~5,400,000~~ Rate of Return Amount, the resulting \$~~5,400,000~~ excess would be multiplied by 50% (representing that 1/2 of the equity of SPD was sold), leaving a \$~~5,400,000~~ excess; the \$~~5,400,000~~ excess would, in turn, be multiplied by ~~50%~~%, resulting in \$~~5,400,000~~ which would be multiplied by ~~50%~~% with the resulting amount, \$~~5,400,000~~, being required to be remitted to Seller.

(b) A "Designated Transaction" shall be defined as (i) a sale by Buyer of 25% or more of the equity of SPD (a "Stock Sale") to a bona fide purchaser or purchasers for value (including by means of a merger, consolidation or reorganization transaction in which the Shares are converted into or exchanged for different securities), or (ii) a sale of all or substantially all of the assets of SPD (an "Asset Sale") to a bona fide purchaser or purchasers for value; but shall not include any sales or other transfers of shares and/or assets to or among affiliates of the Buyer. In addition, a sale of 100% of the equity of Buyer to a bona fide purchaser for value shall be treated as a sale of all or substantially all of the assets of SPD for purposes of this Section 3.03.

**SECTION 3.04 Limitation of Option Issuances.** The Company agrees that during the period from the date hereof through the first anniversary of the date hereof, the Company will not issue options, warrants or any other similar securities which, in the aggregate, represent in excess of 24% of the equity of SPD.

## ARTICLE IV

## INDEMNIFICATION

SECTION 4.01 Indemnity. Each of Buyer and Seller hereby agrees to indemnify, defend and hold the other harmless, to the extent permitted by applicable law, from and against all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, costs and expenses, including, without limitation, interest, penalties and reasonable attorneys' fees and expenses, asserted against, resulting to, imposed upon or incurred by such party by reason of or resulting from a breach of any representation, warranty or covenant of the other party contained in or made pursuant to this Agreement.

## ARTICLE V

## MISCELLANEOUS

SECTION 5.01 Entire Agreement; Modifications. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof, and this Agreement may not be amended or modified nor any provisions waived except in a writing signed by the party to be charged.

SECTION 5.02 Assignment. This Agreement may not be assigned by any party hereto without the prior written consent of the other party. Notwithstanding the foregoing, it is expressly agreed and understood that the Buyer may assign its rights hereunder to any institution providing financing to it, directly or indirectly, in connection with the acquisition of the Shares.

SECTION 5.03 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 5.04 Governing Law. This Agreement shall be governed by, enforceable under and construed in accordance with the laws of the State of Delaware, without giving effect to conflicts of law or choice of law rules or provisions.

SECTION 5.05 Expenses. Each party shall pay its own fees, costs and expenses in connection with this Agreement and the transactions contemplated thereby.

SECTION 5.06 Remedies. No remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative of and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies by Buyer or Seller shall not constitute a waiver of the right to pursue other available remedies. The Seller acknowledges and agrees that any breach of this Agreement by

it will result in irreparable and continuing damage to the Buyer for which there will be no adequate remedy at law. The Seller further acknowledges and agrees, accordingly, that the Buyer shall be entitled to injunctive relief, specific performance and other equitable relief for such breach, or any threatened breach, and that resort by the Buyer to any such equitable relief shall not be deemed to waive or to limit in any respect any right or remedy which the Buyer may have with respect to such breach or threatened breach.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

KULEN CAPITAL, L.P.

By: Kulen Associates, L.L.C.,  
General Partner

By: Michael de Aragon  
Title: Managing Member

SFD HOLDINGS, INC.

By: Lawrence A. Colangelo  
Title: PRESIDENT & CEO